

**STATE OF NEW MEXICO  
BEFORE THE ENVIRONMENTAL IMPROVEMENT BOARD**

**IN THE MATTER OF PROPOSED AMENDMENTS TO  
20.2.2 NMAC - *DEFINITIONS* AND 20.2.73 NMAC - *NOTICE  
OF INTENT AND EMISSION INVENTORY REQUIREMENTS*,  
AND PROPOSED REGULATION 20.2.87 NMAC -  
*GREENHOUSE GAS EMISSIONS REPORTING***

**No. EIB 07-06(R)**

## DIRECT TESTIMONY OF JIM NORTON

## I. INTRODUCTION

The regulations proposed today are an important part of New Mexico's efforts to address climate change by reducing greenhouse gas emissions. The purpose of these regulations is to provide a mechanism for measuring and reporting greenhouse gas emissions. By establishing this mechanism, the state will be able to collect information that will better inform greenhouse gas policy decisions, improve the statewide emissions inventory, and lay the groundwork for state participation in a market-based emissions reduction program to be developed by the Western Climate Initiative, a coalition of western U.S. states and Canadian provinces.

My testimony has two purposes: (1) to provide context for the proposed regulations by summarizing New Mexico's efforts to control greenhouse gas emissions, and (2) to explain the origin of these regulations, including Gov. Richardson's support for reporting and registry requirements.

Many of the documents I will refer to are included in the Department's exhibits, which will be described by Lany Weaver in her testimony.

1     **II.     BACKGROUND**

2             The proposed regulations being considered today are the culmination of a policy  
3     direction established by Governor Richardson in 2005. Therefore, to understand the  
4     importance of these regulations, it is helpful to describe their historical development and  
5     place in the Governor's efforts to reduce greenhouse gas emissions and to protect New  
6     Mexico from the impacts of climate change.

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8             **A.     2005 EXECUTIVE ORDER**

9             In June 2005, Governor Richardson issued Executive Order 2005-033, "Climate  
10    Change and Greenhouse Gas Reduction". In the Executive Order, the Governor  
11    emphasized the need for New Mexico to address greenhouse gas emissions because of a  
12    lack of action by the federal government. Scientists concur that greenhouse gas  
13    emissions already are causing adverse effects to the global climate, and that these effects  
14    will intensify over the coming years unless immediate action is taken. Therefore,  
15    Governor Richardson established aggressive goals to reduce New Mexico's greenhouse  
16    gas emissions - 2000 levels by 2012, 10% below 2000 levels by 2020, and 75% below  
17    2000 levels by 2050. To achieve these reduction goals, the Governor established a  
18    stakeholder advisory group called the New Mexico Climate Change Advisory Group,  
19    charged with the mission of recommending specific and achievable actions to reduce  
20    statewide greenhouse gas emissions.

1           **B.       CLIMATE CHANGE ADVISORY GROUP**

2           Governor Richardson appointed thirty-seven (37) persons to the Climate Change  
3   Advisory Group ("CCAG"), representing a broad range of interests, including industry,  
4   agriculture, local governments, environmental groups, and other experts. To develop  
5   specific recommendations, between July 2005 and October 2006, the CCAG held six (6)  
6   general meetings between July 2005 and October 2006 and its five (5) technical working  
7   groups held dozens of additional meetings.

8           At the conclusion of this process, the CCAG made sixty-nine (69)  
9   recommendations to Governor Richardson for the state to achieve its greenhouse gas  
10   reduction goals. These recommendations covered all sectors of the economy, including  
11   energy supply, industrial, commercial, waste management, agriculture, forestry,  
12   transportation, residential, and land use. The CCAG also unanimously adopted a  
13   recommendation that New Mexico develop a greenhouse gas inventory, require reporting  
14   of greenhouse gas emissions, and participate in regional or national greenhouse gas  
15   registries.

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17           **C.       CHICAGO CLIMATE EXCHANGE**

18           In September 2005, Governor Richardson made New Mexico the first state  
19   government to join the Chicago Climate Exchange ("CCE"). The CCE is an emissions  
20   trading system whose members enter into voluntary but legally binding commitments to  
21   reduce greenhouse gas emissions.

1 By joining the CCE and committing New Mexico's state government to meet  
2 specific targets for reducing greenhouse gas emissions, the Governor set an example for  
3 other states, as well as the sources subject to these proposed regulations.  
4

#### 5 **D. 2006 EXECUTIVE ORDER**

6 In December 2006, Governor Richardson issued Executive Order 2006-69, "New Mexico  
7 Climate Action". In the Executive Order, the Governor directed state agencies, including  
8 the Environment Department, to implement many of the CCAG recommendations.  
9 Specifically, the Environment Department was ordered to submit to the Environmental  
10 Improvement Board proposed regulations for a greenhouse gas emissions registry and  
11 reporting system.  
12

#### 13 **E. THE CLIMATE REGISTRY**

14 In March 2007, at the direction of Governor Richardson, New Mexico became a  
15 founding member of The Climate Registry ("TCR"). Today, less than eight (8) months  
16 after its founding, TCR includes thirty-nine (39) U.S. states, the Canadian provinces of  
17 British Columbia and Manitoba, the Mexican state of Sonora, and three (3) tribes.

18 TCR's primary goals are:

- 19 ○ to develop and manage a voluntary greenhouse gas emissions registry  
20 for reporting entities within the member states, provinces, and tribal  
21 areas;
- 22 ○ to provide an accurate, complete, consistent, transparent and verified  
23 set of greenhouse gas emissions data; and

- to create a policy-neutral platform for the implementation of reporting programs developed by members.

TCR expects to begin accepting emissions reports from greenhouse gas sources in January 1, 2008. By then, TCR will have a reporting protocol applicable to a wide range of industrial facilities, and will begin developing separate protocols for sources that need specialized methods for quantifying greenhouse gas emissions. New Mexico is a leading participant in TCR's effort to develop a protocol for oil and gas production and processing, which is the second largest industrial source of greenhouse gas emissions in this state.

#### **F. WESTERN REGIONAL CLIMATE ACTION INITIATIVE**

In February 2007, Governor Richardson joined the Governors of Arizona, California, Oregon, and Washington in signing the Western Climate Action Initiative ("WCI"), an historic agreement to collaborate in reducing greenhouse gas emissions in the western region. Since then, the State of Utah and the Provinces of British Columbia and Manitoba have joined the WCI, and several additional states and provinces - Colorado, Kansas, Nevada, Wyoming, Ontario, Quebec, Saskatchewan, and the Mexican State of Sonora - have become observers, and are expected to join in the near future.

WCI's objectives are ambitious and significant:

- by August 2007, to establish a region wide goal for emissions reductions; the goal has been set at 15% below 2005 levels by 2020;

- by August 2008, to establish a region wide market-based emissions reduction program covering a significant part of the regional economy; and
- to participate in a multi-state greenhouse gas registry - most likely TCR - to track and manage efforts to reduce greenhouse gas emissions. To achieve this objective, WCI members must establish greenhouse gas emissions reporting programs like the one proposed today.

#### **G. ENVIRONMENTAL JUSTICE**

In November 2005, Governor Richardson issued Executive Order 2005-056, "Environmental Justice Executive Order", which directed that state health and environmental policies should seek to address disproportionate exposure to environmental risks in communities of color and low-income communities. Climate change is an environmental justice issue. The state's technical report entitled "Potential Effects of Climate Change on New Mexico" cites several studies predicting that climate change will disproportionately affect poor and minority communities in New Mexico, while on the global scale, the Intergovernmental Panel on Climate Change predicts that global warming will disproportionately affect poor and minority communities.

#### **III. PROPOSED REGULATIONS**

The proposed regulations are critical to achieving Governor Richardson's efforts to reduce greenhouse gas emissions in New Mexico. In the short term, the regulations respond to Governor Richardson's order that the Environment Department develop a

1 mandatory greenhouse gas reporting program and a bridge to voluntary registries such as  
2 TCR. In the long term, the regulations establish a reporting framework for the WCI's  
3 market-based emissions reduction program.

4 The proposed regulations directly implement Governor Richardson's 2006  
5 Executive Order which adopted Recommendations CC-1 and CC-2 of the CCAG report.  
6 Recommendation CC-1 calls for New Mexico to develop a mandatory greenhouse gas  
7 reporting program. Recommendation CC-2 calls for New Mexico to develop a state  
8 greenhouse gas registry and/or participate in a regional registry. TCR is an example of a  
9 regional registry. As will be further explained by Lany Weaver of the Air Quality Bureau  
10 ("AQB"), the proposed regulations satisfy the design requirements established by the  
11 CCAG recommendations, and therefore also satisfy the Executive Order.

12 It is important that these regulations be in place by the beginning of 2008, so that  
13 data will be available to guide future policy decision. Since sources collect and report  
14 emissions on an annual basis, any delay would mean that 2009 would be the first year of  
15 data collection, and the availability of emissions data would be delayed until mid-2010,  
16 three years from now.

17 Additionally, the proposed regulations are designed to bring greenhouse gas  
18 sources into the TCR and WCI when their programs are up and running. As I mentioned  
19 earlier, New Mexico is a founding member of TCR and WCI. To achieve the objectives  
20 of these organizations, New Mexico must have a robust reporting scheme in place as  
21 soon as possible. TCR will be operational by January 2008, and WCI will establish a  
22 market-based mechanism by August 2008. Lany Weaver of AQB will explain in more  
23 detail how these regulations create a transitional bridge to these programs, so I will

- 1 simply say that we need to adopt these regulations so that New Mexico is prepared to
- 2 participate fully in the regional programs. We are facing a global emergency; this is our
- 3 opportunity to lay the groundwork to achieve the solution.